

**Management Advisory Report: Taxpayers
Continue to Receive Incorrect Answers to
Some Tax Law Questions**

April 2002

Reference Number: 2002-40-086

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

April 23, 2002

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Management Advisory Report - Taxpayers Continue to
Receive Incorrect Answers to Some Tax Law Questions
(Audit # 200240009)

This report presents the results of our review of the quality of walk-in service to taxpayers in the Internal Revenue Service's (IRS) Taxpayer Assistance Centers (TAC). Our objective was to determine if the IRS provides accurate and timely responses to taxpayers' tax law questions. In addition, we assessed whether IRS employees were professional and courteous to Treasury Inspector General for Tax Administration (TIGTA) auditors who made anonymous visits to the TACs. We also evaluated the adequacy of accommodations for items such as space, privacy, and cleanliness and determined if the correct office hours were posted in the TACs.

This review was conducted as a result of an amendment to the Treasury spending bill¹ for Fiscal Year (FY) 2002 proposed by Senator Byron Dorgan, (Democrat-North Dakota), Chairman of the Subcommittee on Treasury and General Government. The amendment requires the TIGTA to conduct visits to all TACs and report to the Congress on whether taxpayers are provided correct and prompt answers to their questions. We will conduct anonymous visits to all TACs over a 2-year period. This is the first in a series of bi-monthly reports that we will issue in response to the amendment to the Treasury spending bill.

During January and February 2002, our auditors made 84 anonymous visits to 40 TACs. The auditors asked 168 tax law questions and determined that IRS employees are not providing correct answers to some tax law questions. For example:

- Seventy-eight (46 percent) of the 168 questions were answered correctly.

¹ Treasury and General Government Appropriations Act of 2002, Pub. L. No. 107-67.

- Forty-nine (29 percent) of the 168 questions were answered incorrectly.
- Forty (24 percent) of the 168 questions resulted in the IRS employee referring the auditor to IRS publications² and generally advising the auditor to do his or her own research to find the answer to the question. In one instance, the auditor was referred to the wrong publication.
- One question (1 percent) asked by an auditor was not answered. The employee did not refer the auditor to another employee (in the office or on the telephone) to obtain an answer.

In addition, we observed the following during our visits to the TACs:

- Office hours posted at 22 (55 percent) of the 40 TACs visited were not the same as the hours shown on the IRS' Internet site.
- Taxpayer privacy was not adequate in 27 (68 percent) of 40 TACs we visited.
- The TACs were clean in 39 (98 percent) of 40 sites we visited.
- The TACs were organized³ in 37 (93 percent) of 40 sites we visited.
- IRS employees were professional and courteous to the TIGTA auditors in 77 (92 percent) of the 84 visits.
- Wait time for service was 30 minutes or less for 82 (98 percent) of the 84 visits.

We will not make formal recommendations to the IRS in the bi-monthly reports. However, we plan to issue semiannual trend reports that may include appropriate recommendations to help ensure taxpayers are provided accurate responses to their tax law questions. Our auditors will continue making visits to the TACs throughout Calendar Years 2002 and 2003. We will also continue to issue bi-monthly reports on our results to the IRS and the Congress.

Management's Response: IRS management provided a detailed response to this report. In their response, they stated that as a result of our January and February visits to the 40 TACs, they took steps to improve communication, provide additional training time and materials, and assure TAC office hours were posted to the IRS website. They also emphasized a zero tolerance standard with respect to unprofessional performance.

However, IRS management did take exception to the classification of cases as "incorrect" versus "denial of service." The reason for our classification is clearly stated in the report and we do not believe we should reclassify these cases. In addition, the IRS pointed out that we showed the incorrect number of TAC sites in our report. We have changed this figure to the one provided by the IRS. Lastly, they stated that while

² Referring taxpayers to publications is considered incorrect according to IRS Field Assistance management because their procedures require that the employee walk the taxpayer through the appropriate section of a publication to assist them in identifying the correct answer.

³ The TACs were considered organized if they were free from clutter, publications/forms were in the correct bins, correct signs directed taxpayers to the appropriate areas for assistance, and chairs were neatly arranged.

they do recognize the need to improve privacy, there are insufficient funds available to do so.

Management's complete response to the draft report is included as Appendix VI.

Copies of this report are also being sent to the IRS managers who are affected by the report. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

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Background

The Senate Committee on Appropriations was deeply concerned about the findings in a Treasury Inspector General for Tax Administration (TIGTA) audit report on the Internal Revenue Service's (IRS) Taxpayer Assistance Centers (TAC).¹ This report showed that our auditors did not receive accurate or sufficient answers to 73 percent of their tax law questions posed during anonymous visits to the TACs during January and February 2001. Based on the results of this audit, Senator Byron Dorgan (Democrat-North Dakota), Chairman of the Subcommittee on Treasury and General Government, proposed an amendment to the Treasury spending bill² for Fiscal Year (FY) 2002. The amendment requires the TIGTA to conduct visits to all TACs and report to the Congress as to whether taxpayers are provided correct and prompt answers to their questions. We will conduct anonymous visits to all TACs over a 2-year period.

The IRS' Field Assistance (FA) office in the Wage and Investment (W&I) Division has overall responsibility for the TACs. The TACs exist primarily to serve taxpayers who choose to seek help from the IRS in person. The IRS employees³ who work in the TACs provide assistance in interpreting tax laws and regulations, preparing some tax returns, resolving inquiries on taxpayer accounts, and various other services designed to minimize the burden on taxpayers in satisfying their tax obligations. There are currently no statistics on the percentage of time spent by employees in the TACs on the various services detailed above. The FA office is using FY 2002 as a baseline to establish standards and other quality measures in this area.

¹ *Letter Report: The Internal Revenue Service Continues to Give Incorrect Tax Law Information in Taxpayer Assistance Centers* (Reference Number 2001-40-077, dated May 2001).

² Treasury and General Government Appropriations Act of 2002, Pub. L. No. 107-67.

³ IRS employees who work in the TACs are called Tax Resolution Representatives.

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There are 414 TACs located throughout the United States, including Washington, D.C., and Puerto Rico. During FY 2001, the TACs served about 9.3 million taxpayers.⁴

In addition to the anonymous visits being performed by our auditors, the IRS has hired an outside contractor to anonymously visit its TACs and ask two tax law questions per visit. The contractor visits began in November 2001. The IRS provided the contractor with four questions to choose from on the following topics:

- Earned Income Tax Credit
- Dependents
- Education Credits
- Social Security Benefits

Our auditors performing anonymous visits to the TACs also asked two questions during each visit, one of which was a question provided by the IRS to its contractor. The remaining question asked was selected from those we developed which relate to 18 tax law topics that are within the scope of topics that TAC employees should have been trained to answer. The TIGTA questions were designed to cover a wide range of tax law topics in order to provide an overall assessment on whether taxpayers are receiving correct answers to questions that an individual taxpayer⁵ might ask when he or she visits a TAC.

This report is the first in a series of bi-monthly reports that we will issue on the results of our visits to the TACs. The review was conducted in the IRS' Customer Assistance, Relationships, and Education office in the W&I Division in January and February 2002. Our auditors anonymously visited 40 TACs in 9 states (See Appendix V for specific states visited).

This review was conducted in accordance with the President's Council on Integrity and Efficiency's *Quality Standards for Inspections*. Detailed information on our

⁴ The IRS provided the number of taxpayers that were served. We did not verify the accuracy of the number.

⁵ Individual taxpayers are non-business taxpayers who file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

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objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

IRS employees did not always provide correct answers to the tax law questions asked by our auditors. The accuracy rate for the 168 tax law questions asked was:

- Seventy-eight (46 percent) of the 168 questions were answered correctly. In 42 of the 78 questions, the IRS employee provided a correct answer without asking all of the required questions outlined in the tax law instructions and publications. For example, 8 of the 42 questions related to the Child Tax Credit.⁶ In all eight, the employee did not ask our auditor if the child had a valid taxpayer identification number (generally a Social Security Number (SSN)) that is required to claim the credit. By not using available resources to ask all required questions, IRS employees are making assumptions and providing answers without considering relevant facts to ensure the answer given is correct.
- Forty-nine (29 percent) of the 168 questions were answered incorrectly. For example, an IRS employee provided an incorrect answer to a question on whether the auditor as a single taxpayer was eligible to claim a credit for tuition costs while pursuing a Master's degree in 2001. The maximum adjusted income level allowed for this single taxpayer to claim a credit is \$50,000. The IRS employee recommended that the auditor claim the credit even though his or her adjusted income level was \$68,530.
- Forty (24 percent) of the 168 questions resulted in the IRS employee referring the auditor to a publication⁷ and generally advising the auditor to do

⁶ The Child Tax Credit is a credit that reduces tax up to \$600 per qualifying child that meets age, dependency, and citizenship tests.

⁷ Referring taxpayers to a publication is considered incorrect according to IRS FA management because their procedures require that the employee guide the taxpayer through the appropriate section of a publication to assist them in identifying the correct answer.

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his or her own research to find the answer to the question. In one instance, the auditor was referred to the wrong publication.

In 2 of the 40 questions, the IRS employee advised the auditor not to adhere to the tax law and to claim a deduction that was not allowed. These cases were referred to the TIGTA Office of Investigations.

- One question (1 percent) was not answered by the IRS employee. We recorded this response as service denied. The IRS employee told our auditor that he or she did not know the answer to the question. The employee did not refer the auditor to another employee (in the office or on the telephone) to obtain an answer.

See Appendix IV for additional details on the accuracy rates of responses we received and other observations.

Accommodations at the Taxpayer Assistance Centers Could Be Improved

During our visits, we assessed the adequacy of accommodations in the TACs, including items such as space and privacy. We also determined if the correct office hours were posted in the TACs.

We determined that taxpayer privacy was not always protected. In 27 (68 percent) of the 40 TACs visited, the floor plan did not allow for taxpayer privacy. If several taxpayers were in line waiting for service, the next person in line could easily overhear the conversation between the IRS employee and the taxpayer being served. For example:

- A taxpayer's SSN was overheard. The IRS employee asked the taxpayer for his or her SSN and the TIGTA auditor waiting for service was able to memorize and later record the SSN.
- Taxpayer account information could be seen on a computer screen because the computer was in view of the TIGTA auditor and other taxpayers in the TAC waiting for service.

Also, in 22 (55 percent) of the 40 TACs visited, posted office hours were not the same as the office hours shown on the IRS' *Digital Daily* Internet site. For example:

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Auditors Had Positive Experiences When They Visited Taxpayer Assistance Centers

- Five (23 percent) of 22 TACs had office hours posted that showed the site was open on Saturdays. However, Saturday office hours for these sites were not posted on the IRS' *Digital Daily*.

During our visits to the TACs, we assessed whether IRS employees were professional and courteous. We also assessed the wait time for service and the cleanliness of the TAC. We had some positive experiences. For example:

- The IRS employees assisting us were professional and courteous in 77 (92 percent) of the 84 visits.⁸
- The wait time for service was 30 minutes or less in 82 (98 percent) of the 84 visits.
- Thirty-nine (98 percent) of the TACs visited were clean and 37 (93 percent) were organized.⁹

⁸ Four of the seven unprofessional contacts were for the same IRS employee.

⁹ TAC sites were considered organized if they were free from clutter, publications/forms were in the correct bins, correct signs directed taxpayers to the appropriate areas for assistance, and chairs were neatly arranged.

Detailed Objective, Scope, and Methodology

The overall objective of the review was to determine if the Internal Revenue Service (IRS) provides accurate and timely responses to taxpayers' tax law questions. In addition, we assessed whether IRS employees in the Taxpayer Assistance Centers (TAC) were professional and courteous to our auditors who made anonymous visits to the TACs. We also evaluated the adequacy of the accommodations for items such as space, privacy, and cleanliness and determined if the correct office hours were posted in the TACs.

The review was conducted as a result of an amendment to the Treasury spending bill¹ for Fiscal Year (FY) 2002 proposed by Senator Byron Dorgan, (Democrat-North Dakota), Chairman of the Subcommittee on Treasury and General Government. The amendment requires the Treasury Inspector General for Tax Administration (TIGTA) to conduct visits to all TACs and report to the Congress as to whether taxpayers are provided correct and prompt answers to their questions. We will conduct anonymous visits to all TACs over a 2-year period.

During January and February 2002, we visited 40 of the 216 TACs that we will visit during Calendar Year 2002. The 216 TACs represent over one-half of the 414 sites that we will visit over a 2-year period. We used IRS data² on the number of taxpayer visits to the TACs during FY 2001 to select 216 sites that represent large, medium, and small TACs. Since some of these TAC sites are open on Saturdays, 4 of our 40 visits were made on a Saturday.

To achieve our objective, we performed the following tests.

- I. Determined if the IRS provided quality service and accurate responses to tax law inquiries at the TACs.
 - A. Asked 168 tax law questions that an individual taxpayer³ might ask. The 168 questions included 84 questions that are being used by the IRS' contractor. We developed the remaining questions based on the training provided to Tax Resolution Representatives (TRR) during the fall of 2001 and the scope of services for tax law assistance prescribed in the FY 2002 Field Assistance Operating Procedures.
 - B. Determined whether the answer provided by the TRR was correct.

¹ Treasury and General Government Appropriations Act of 2002, Pub. L. No. 107-67.

² We did not verify the accuracy of the IRS data.

³ Individual taxpayers are non-business taxpayers who file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

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- C. Determined whether the TRR asked appropriate probing questions and used the publication method to explain the answer to the question or show where the answer could be found.
- D. Documented whether assistance was referred, the method of the referral, and whether the answer provided by the referral method was correct.
- II. Determined the quality of service provided by the TRR.
 - A. Documented whether the TRR verbally provided his or her name and identification number or if the information was visible.
 - B. Documented wait time from arrival at the TACs to the time service was rendered.
 - C. Documented whether the TRR was professional and courteous.
- III. Determined if accommodations in the TACs visited were suitable to provide quality customer service.
 - A. Documented if the address and office hours posted at the TACs matched the address and office hours posted on the IRS' *Digital Daily* Internet site. (Obtained the address and office hours from the IRS Internet site prior to visiting the TACs.)
 - B. Determined if the TACs visited were clean and organized⁴ and whether there was adequate space⁵ to accommodate taxpayers waiting for assistance.
 - C. Determined if the TACs had security personnel on site.

⁴ The TACs were considered organized if they were free from clutter, publications/forms were in the correct bins, correct signs directed taxpayers to the appropriate areas for assistance, and chairs were neatly arranged.

⁵ The TAC site space was considered inadequate if taxpayer privacy was a concern or the space could not accommodate the number of taxpayers in the TAC at the time of the auditor's visit.

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Appendix II

Major Contributors to This Report

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)
Kerry Kilpatrick, Director
Deborah Glover, Audit Manager
Russell Martin, Audit Manager
Pamela DeSimone, Senior Auditor
Deborah Drain, Senior Auditor
John Hawkins, Senior Auditor
Robert Howes, Senior Auditor
Frank Jones, Senior Auditor
Edith Lemire, Senior Auditor
John Piecuch, Senior Auditor
Robert Baker, Auditor
Lena Dietles, Auditor
Roberta Fuller, Auditor
Kathy Henderson, Auditor
Mary Keyes, Auditor
Grace Terranova, Auditor

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Appendix III

Report Distribution List

Commissioner N:C
Deputy Commissioner N:DC
Director, Customer Assistance, Relationships, and Education W:CAR
Director, Field Assistance W:CAR:FA
Director, Strategy and Finance W:S
Chief Counsel CC
National Taxpayer Advocate TA
Director, Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis N:AD:C:R:O
Office of Management Controls N:CFO:F:M

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Appendix IV

Detailed Results of Visits - January and February 2002

NUMBER OF TAXPAYER ASSISTANCE CENTERS (TACs) VISITED	40
NUMBER OF VISITS MADE (2 auditors per site)	84 ¹
NUMBER OF VISITS TO CLOSED TACs	2
TOTAL NUMBER OF QUESTIONS ASKED	168 ²

**Internal Revenue Service (IRS) and Treasury Inspector General for Tax Administration
(TIGTA) Questions Asked (168)**

Total Questions Correct (Includes 42 questions that were correct but incomplete) ³	78	(46 percent)
Total Questions Incorrect	49	(29 percent)
Total Questions Referred to Publications ⁴	40	(24 percent)
Service Denied ⁵	1	(1 percent)

IRS Questions Asked (84)

Total Questions Correct (Includes 15 questions that were correct but incomplete)	42	(50 percent)
Total Questions Incorrect	23	(27 percent)
Total Questions Referred to Publications	19	(23 percent)

¹ Includes two TACs visited once during the week and once on the weekend. (42 x 2 = 84).

² Each auditor asked one IRS and one TIGTA tax law question per site.

³ **Correct but Incomplete:** The correct answer was given but the IRS employee did not ask all required probing questions.

⁴ **Referred to Publication:** Referring taxpayers to a publication is considered incorrect according to IRS Field Assistance management because their procedures require that the employee guide the taxpayer through the appropriate section of a publication to assist them in identifying the correct answer.

⁵ **Service Denied:** The IRS employee did not answer the question or refer the auditor to a publication or another employee for assistance.

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TIGTA Questions Asked (84)

Total Questions Correct (Includes 27 questions that were correct but incomplete)	36	(43 percent)
Total Questions Incorrect	26	(31 percent)
Total Questions Referred to Publications	21	(25 percent)
Service Denied	1	(1 percent)

**Detailed Results by Tax Law Topic
January and February 2002⁶**

Tax Law Topics	Questions Asked	Correct	Correct but Incomplete	Incorrect	Referred to Pubs	Service Denied
Earned Income Credit	26	13 (50%)	5 (19%)	1 (4 %)	7 (27 %)	---
Rate Reduction Credit	9	---	7 (78%)	2 (22 %)	---	---
Child Tax Credit	10	---	8 (80 %)	1 (10 %)	1 (10 %)	---
Filing Status (Head of Household)	5	1 (20 %)	1 (20 %)	1 (20 %)	2 (40 %)	---
Sale of Home	8	---	3 (38 %)	1 (13%)	4 (50 %)	---
Capital Gain/Loss	1	---	---	---	1 (100%)	---
Retirement - Pension	5	---	---	---	4 (80%)	1 (20%)
Individual Retirement Account	11	1 (9%)	4 (36%)	5 (45 %)	1 (9%)	---

⁶ Percentages may not add to 100 due to rounding.

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**Detailed Results by Tax Law Topic
January and February 2002 (cont'd)**

Tax Law Topics	Questions Asked	Correct	Correct but Incomplete	Incorrect	Referred to Pubs	Service Denied
Social Security Income	18	1 (6%)	8 (44 %)	5 (28 %)	4 (22 %)	---
Child Care Credit	6	3 (50%)	---	2 (33 %)	1 (17%)	---
Contributions	2	---	---	2 (100%)	---	---
Refinancing	8	2 (25%)	---	6 (75%)	---	---
Miscellaneous Expenses	2	---	1 (50 %)	1 (50 %)	---	---
Student Loan Interest	1	---	----	1 (100%)	---	---
Medical Expenses	4	---	3 (75%)	---	1 (25%)	---
Other Income (Scholarship)	4	---	---	1 (25%)	3 (75%)	---
Education Credit	19	1(5%)	---	11 (58%)	7 (37%)	---
Elderly Care Credit	2	---	---	---	2 (100%)	---
Dependents	27	14 (52%)	2 (7%)	9 (33%)	2 (7%)	---
Overall Totals	168	36 (21%)	42 (25%)	49 (29%)	40 (24%)	1 (1%)

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**Results by TIGTA and IRS Questions
January and February 2002**

NUMBER OF IRS AND TIGTA QUESTIONS ASKED

168

ACCURACY OF IRS AND TIGTA QUESTIONS					
	Correct	Correct but Incomplete	Incorrect	Referred to Publication	Service Denied
Responses	36	42	49	40	1
Percent	21	25	29	24	1

NUMBER OF IRS QUESTIONS ASKED

84

ACCURACY OF IRS QUESTIONS					
	Correct	Correct but Incomplete	Incorrect	Referred to Publication	Service Denied
Responses	27	15	23	19	0
Percent	32	18	27	23	---

NUMBER OF TIGTA QUESTIONS ASKED

84

ACCURACY OF TIGTA QUESTIONS					
	Correct	Correct but Incomplete	Incorrect	Referred to Publication	Service Denied
Responses	9	27	26	21	1
Percent	11	32	31	25	1

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**Quality of Assistance Results
January and February 2002**

NUMBER OF AUDITOR VISITS (2 AUDITORS PER SITE) 84

QUALITY OF ASSISTANCE		
	OCCURRENCES	PERCENT
Wait Time 0 to 15 Minutes	65	77
Wait Time 16 to 30 Minutes	17	20
Wait Time 31 to 45 Minutes	0	---
Wait Time 46 Minutes to One Hour	2	2
Wait Time Greater Than One Hour	0	---
Employee Name Given/Visible	52	62
Employee ID Number Given/Visible	48	57
Employee Name <u>Not</u> Provided When Requested	3	13⁷
Employee Professional/Courteous	77⁸	92

⁷ Auditors requested the IRS employee's name in 23 of 32 (84 – 52) visits when the name was not provided or visible.

⁸ Four of the seven unprofessional contacts were for the same IRS employee.

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**Accommodations Results
January and February 2002**

NUMBER OF TACs VISITED

40

TAC SITE ACCOMMODATIONS		
	OCCURRENCES	PERCENT
TAC Site Address Correct	40	100
TAC Site Office Hours Correct ⁹	18	45
TAC Site Clean	39	98
TAC Site Organized ¹⁰	37	93
TAC Site Space Adequate ¹¹	13	33
TAC Site With Security ¹²	18	45

⁹ Hours posted at the TAC site matched the hours posted on the IRS' *Digital Daily* Internet site.

¹⁰ The TACs were considered organized if they were free from clutter, publications/forms were in the correct bins, correct signs directed taxpayers to the appropriate areas for assistance, and chairs were neatly arranged.

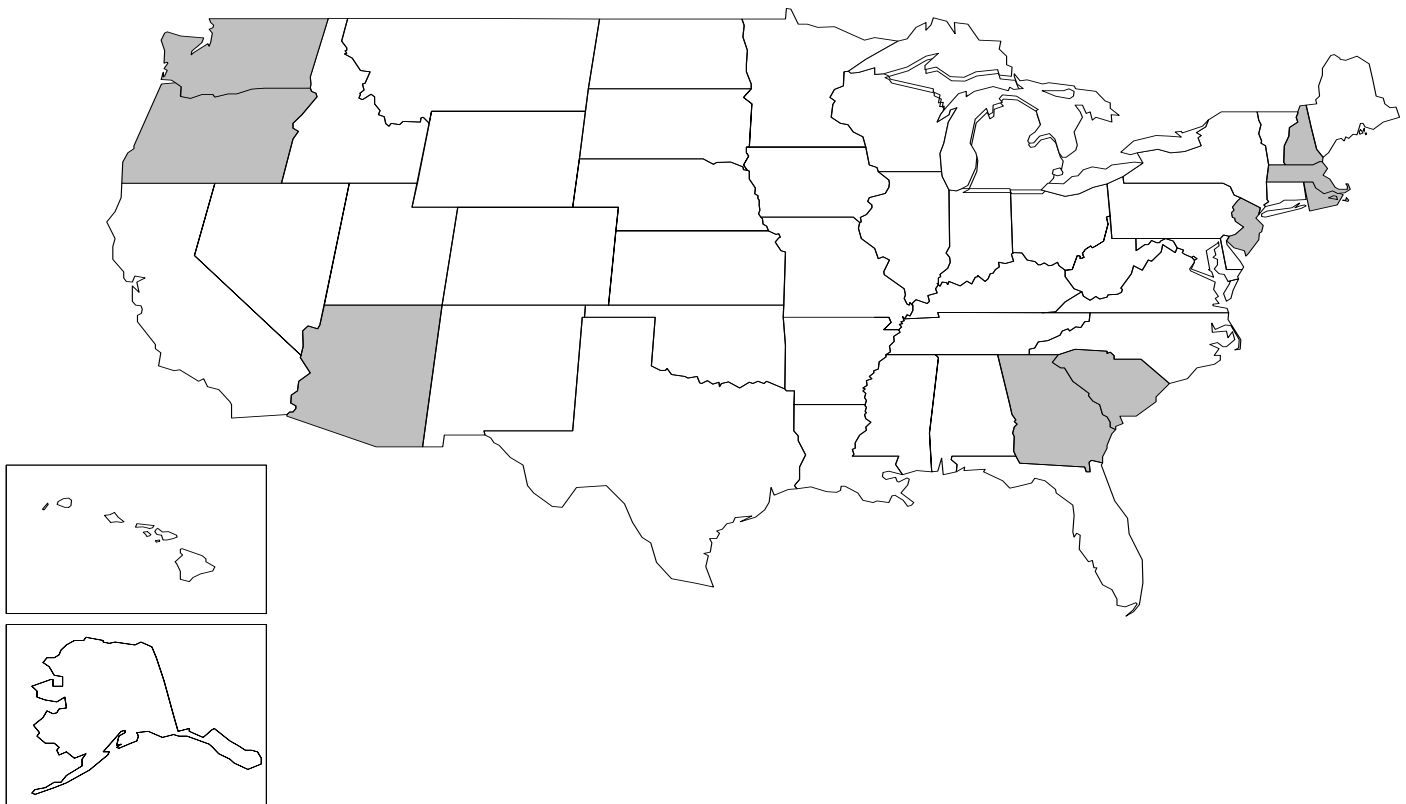
¹¹ The TACs' space was considered inadequate if taxpayer privacy was a concern or the space could not accommodate the number of taxpayers in the TAC at the time of the auditor's visit.

¹² The TACs had security personnel on site.

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Appendix V

States Visited During January and February 2002



The nine states visited include: Arizona, Georgia, Massachusetts, New Hampshire, New Jersey, Oregon, Rhode Island, South Carolina, and Washington.

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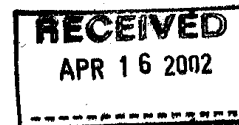
Appendix VI

Management's Response to the Draft Report

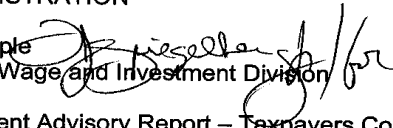


DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

April 16, 2002



MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION

FROM: John M. Dalrymple 
Commissioner, Wage and Investment Division

SUBJECT: Draft Management Advisory Report – Taxpayers Continue to
Receive Incorrect Answers to Some Tax Law Questions
(Review # 200240009)

Thank you for the opportunity to provide comments and to update you on actions taken to improve the accuracy of responses to taxpayers' tax law questions at IRS Taxpayer Assistance Centers (TAC). We appreciate your feedback and based on your January and February visits to 40 TACs, we took steps to improve communications, to provide additional training time and materials, and to assure TAC office hours are posted to the IRS website.

However, we were disappointed to see that you continue to report as an incorrect answer the referral of a customer to a publication. While this is not the full and complete service we expect TAC employees to provide, we do not agree that it is the same as providing an incorrect answer. As a result, we believe the statistics cited in your report overstate this problem.

We recognize the need to improve the accuracy of TAC tax law service. In early February, after receipt of your January review results, we took steps to improve communications by conducting a series of meetings with managers at all levels. They were advised of your findings and asked for their ideas to improve the accuracy of tax law responses. We also emphasized a zero tolerance standard with respect to unprofessional performance.

To address employee training needs, we added a requirement that all TAC technical employees complete one hour of uninterrupted self-directed learning each week. This hour is dedicated to the study of the four tax law issues and others most often asked by taxpayers. These include the earned income tax credit, dependent qualifications, education credits, social security income, pension income, capital gains, filing status, individual retirement accounts, child care credit, child tax credit, the rate reduction credit, student loan interest and itemized deductions. Publication 17 is the primary study guide.

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To supplement this self-directed learning time, we are obtaining additional training aids, publications, and compact discs. These aids will include practice scenarios including the topics outlined above. In addition to W&I TAC technical employees, Small Business/Self-Employed Division staff assigned to work the customer service counter on a long-term basis will be included in this initiative.

The following are our specific observations with the reported accuracy rate, the number of TACs, and privacy/disclosure issues:

- **Reported Accuracy Rate**

Referring to Appendix IV of the report, we believe that the 41 instances of non-answers (improper referral to publications or other failure to provide service) should be separately stated as a denial of service. The correct accuracy rate then becomes 61 percent (78 out of 127 total questions).

- **Number of TACs**

The Draft Management Advisory Report states on page 2 that 431 TACs are located throughout the United States. The actual number is 414 and the list was provided to your staff in Atlanta.

- **Privacy/Disclosure**

On page 4 the report states in 68 percent of the 40 TACs visited "taxpayer privacy was not always protected." We recognize the need to improve privacy, but there are insufficient funds available. The estimated funding requirement for the new TAC model is nearly \$100 million to perform the required renovations and furniture installations.

If you have any questions or need additional information about this response, please contact Jerald Heschel, Director, Field Assistance, W&I CARE, at (404) 338-7141.